



December 2, 2022

**VIA SEC COMMENT SUBMISSION PORTAL**

Vanessa Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1090

**Re: *Oversight Requirements for Certain Services Outsourced by Investment Advisers* (File No. S7-25-22)**

Dear Secretary Countryman:

The National Society of Compliance Professionals, Inc. ("NSCP")<sup>1</sup> respectfully requests that the United States Securities and Exchange Commission (the "Commission") extend the comment period for the proposed rule, "Outsourcing by Investment Advisers" (File No. S7-25-22) (the "Proposal"), for a minimum of 90 days, until March 26, 2023. As the Commission is aware, several trade associations have also expressed the need for an extended comment period. We concur with the comment that the public needs more time to provide proper input.<sup>2</sup>

On October 26, 2022, the Commission approved the issuance of the Proposal, for notice and comment. The Proposal would result in the adoption of a new rule under the anti-fraud provisions of the Investment Advisers Act of 1940 to prohibit registered investment advisers from outsourcing certain services and functions without conducting due diligence and monitoring service providers, amendments to Form ADV, and amendments to the books and records rule. The Proposal was published in the *Federal Register* on November 16, 2022, with all public comments due by December 27, 2022. This would allow only two months to provide a thoughtful and fully supported response. We are very concerned about our ability, as

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<sup>1</sup>NSCP is a nonprofit, membership organization with approximately 2,000 financial services compliance professionals dedicated to advancing the expertise of financial services compliance professionals and the long-term success of the compliance profession. The principal purpose of NSCP is to provide its membership best-in-class resources, provide opportunities for professional development, promote the exchange of knowledge, and advocate for the compliance profession.

NSCP's membership is drawn principally from traditional broker-dealers, investment advisers, bank and insurance affiliated firms, as well as the law firms, accounting firms, and consultants that serve them. The asset management members of NSCP span a wide spectrum of firms, including employees from the largest brokerage and investment management firms to those operations with only a handful of employees. The diversity of our membership allows NSCP to represent a large variety of perspectives in the asset management industry.

<sup>2</sup>See Letter from Mr. Elliot Ganz et al. to Vanessa A. Countryman, Proposed Rules, File Nos. S7-26-22, S7-25-22; RIN 3325-AM98; RIN 3235-AN18 (November 16, 2022).

well as that of our members and others in the industry, to have sufficient, meaningful time to participate in the rulemaking process.

The Proposal is 232 pages long and includes solicitations for comments on over 100 specific questions and potential effects. If adopted, the new rule and amendments will substantially impact the industry generally and specifically the day-to-day responsibilities of our members, the industry's compliance professionals. Recognizing these points, the NSCP quickly formed a working group to review and respond to the Proposal. The working group and NSCP staff are actively engaging with the NSCP members, seeking input on the Proposal and gathering information that we believe would be useful and necessary to the Commission in deciding whether to adopt or revise the Proposal. We then will need time to review and determine how best to reflect our membership's issues, concerns, and recommendations in a comment letter.

Further supporting this request, we note that the Proposal was issued just ten days before the required compliance date for the new Marketing Rule. Thus, our members, who are seen as "gatekeepers" by the Chair of the Commission, are working hard to ensure proper implementation of this new and significant regulatory framework and being "good counselors" by giving their business partners "clear direction and working with them to find compliant solutions."<sup>3</sup> Further, many of our members are now focused on annual compliance reviews, registration renewals, and year-end deadlines, all amidst a hectic holiday season.

We note that public participation is key to maintaining the integrity of the rulemaking process. Not only can the input of compliance professionals bring a practical perspective and greater insight into the costs, benefits, and intended and unintended consequences of the regulations, but the Commission can also gain insight from the experience of compliance professionals.<sup>4</sup>

As a compliance industry group, we strongly support the Commission's efforts to protect investors. However, we urge the Commission to provide the public with adequate and appropriate time to provide necessary and meaningful comments on this Proposal.

Thank you for the opportunity to make this request.

[Signature Page to Follow]

Sincerely,

**The National Society of Compliance Professionals, Inc.**

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<sup>3</sup> <https://www.sec.gov/news/speech/gensler-ia-ic-national-seminar-20221115>.

<sup>4</sup> <https://www.gsa.gov/policy-regulations/regulations/managing-the-federal-rulemaking-process/how-members-of-the-public-can-contribute-to-the-regulatory-process>.

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cc: The Honorable Gary Gensler  
The Honorable Hester M. Peirce  
The Honorable Caroline A. Crenshaw  
The Honorable Mark T. Uyeda  
The Honorable Jaime Lizárraga